

Date 20 August 2015

No. of pages 17

BAM confirms outlook full year 2015

- Back in Shape on track; delivering savings and working capital improvements
- Construction and M&E services: ongoing pressure in Dutch non-residential
- Civil engineering: positive result mainly driven by BAM International, the Netherlands and Ireland
- Property: Dutch residential market follows twin track; Dutch non-residential market remains weak
- PPP: solid performance and healthy bid pipeline
- Order book: growth from new order intake and stronger pound; quality improving
- Net cash position: strong year on year improvement driven by Back in Shape

(in € million)	1st half-year 2015	1 st half-year 2014	Full year 2014
Revenue	3,515	3,382	7,314
Adjusted result before tax*	19.6	4.6	62.2
Restructuring	-13.1	-4.5	-68.8
Impairments	-2.5	-1.7	-115.9
Net result	4.7	-6.6	-108.2
Order book (end of period)	11,100	10,700	10,300

* Before restructuring and impairments.

Rob van Wingerden, CEO of Royal BAM Group:

'BAM continued to move in the right direction in the first half of 2015. The Back in Shape programme, which has been underway now for ten months, is making fundamental improvements in our culture, structure and processes. The working capital reduction programme is strengthening our net cash position and the savings from non-project overheads are coming through. The order book is improving as new projects are being won under the enhanced procedures and existing projects get nearer to completion. This progress is made possible by the commitment and engagement of all our staff across the Group.

Looking ahead, we are confident about the course we are taking but cautious regarding the mixed conditions in our markets and the challenges at some older projects. We maintain our outlook for the full year 2015: we expect the adjusted result before tax will be higher than the level of 2014, with a larger contribution coming from the operational sectors.

Completing the Back in Shape programme remains our key priority in the second half of 2015. We will take this momentum forward into 2016 and beyond, so that the next phase of BAM's development will deliver improving performance. We have started the process to update BAM's medium-term strategy, and will announce our plans in February 2016.'

Analysis by sector

<i>(x € million)</i>	1 st half-year 2015		1 st half-year 2014*	
	Revenue	Result	Revenue	Result
Results and revenue				
Construction and M&E services	1,574	-9.5	1,355	-1.5
Civil engineering	1,905	22.9	1,862	-19.8
Property	161	3.7	245	14.5
PPP	93	6.4	130	13.7
Eliminations and miscellaneous	-218	0.7	-210	1.5
Total	3,515	24.2	3,382	8.4
Group overhead		-3.1		-1.7
Group interest charge		-1.5		-2.1
Adjusted result before tax		19.6		4.6
Restructuring		-13.1		-4.5
Impairments		-2.5		-1.7
Result before tax		4.0		-1.6

* Re-stated to show the restructuring charge separately.

<i>(x € million)</i>	30 June 2015	31 December 2014
Order book (end of period)		
Construction and M&E services	4,674	4,424
Civil engineering	5,611	5,129
Property	880	859
PPP	642	548
Eliminations and miscellaneous	-707	-660
Total	11,100	10,300

Analysis by geography

<i>(x € million)</i>	1 st half-year 2015		1 st half-year 2014*	
	Revenue	Result	Revenue	Result
Results and revenue				
The Netherlands	1,133	-3.4	1,212	-3.3
United Kingdom	1,093	3.9	927	-3.8
Belgium	388	-2.3	492	20.0
Ireland	202	4.5	160	3.3
Germany	513	4.2	445	-28.5
PPP	93	6.4	130	13.7
International	202	10.9	138	6.8
Eliminations and miscellaneous	-109	-	-122	0.2
Total	3,515	24.2	3,382	8.4
Group overhead		-3.1		-1.7
Group interest charge		-1.5		-2.1
Adjusted result before tax		19.6		4.6

* Re-stated to exclude the restructuring charge.

First half year 2015 results and order book

Revenue of €3,515 million was up by €133 million (4%) compared to the first half of 2014, nearly all attributable to the favourable pound sterling in the UK. Revenue was down in Belgium and the Netherlands, and up in Germany, Ireland and International.

The adjusted result before tax for the first half year was €19.6 million, up from €4.6 million in the first half of 2014. The difference is mainly attributable to a higher total adjusted result of the operational sectors in the first half of 2015 and includes benefits of approximately €25 million from the Back in Shape programme. These benefits were partly offset by results at some older projects, and under recovery of overheads due to volume shortfalls in the Netherlands and Belgium. This related partly to preserving capacity to deliver projects being won for execution after 2015, as well as project postponements. Results at both the investment sectors Property and PPP were down in the first half year 2015 due to lower divestment levels as anticipated.

Total restructuring costs for the first half of 2015 were €13.1 million (first half of 2014: €4.5 million). There were impairments of €2.5 million in the first half of 2015 related to residential property (first half 2014: €1.7 million) in the Netherlands.

In the first six months of 2015, the order book rose by €0.8 billion to €11.1 billion. Half of this increase was caused by foreign exchange movements. The other main areas of order book growth were in Ireland, Civil engineering in the Netherlands and PPP.

Sector review

In the Construction and M&E services sector, revenue was up in all countries and by 16% (€220 million) for the sector as a whole. Half of this increase came from the United Kingdom, partly due to the stronger pound. The other main driver was Germany, where strong order intake in 2014 is coming through in revenue.

The loss of €9.5 million for the sector in the first half of 2015 (first half 2014: loss of €1.5 million) was due to negative results on older orders (especially non-residential construction) and under-recovery of overheads in the Netherlands and to a lesser extent in Belgium.

The rise in the order book by 5% in the first half of 2015 was wholly due to the United Kingdom from new orders and exchange rate movements. The order book in the Netherlands, Belgium and Germany shrank, reflecting the progress on large older orders and more selective tendering.

In Civil engineering, revenue grew by 2% (€43 million). BAM International and Ireland grew strongly. In the Netherlands, the low book-to-bill ratio on large projects in 2014 resulted in lower revenue in the first half of 2015. Lower revenue in Belgium reflected shrinking market volumes and order phasing at some bigger projects. The United Kingdom grew due to the stronger pound.

The result improved to €22.9 million compared to a loss of €19.8 million in the first half of 2014. The result of the first half 2015 was driven by BAM International, the Netherlands and Ireland. As in Construction and M&E services, the sector faces some challenges of working through older projects and recovering overheads on lower volumes.

The order book grew by 9% to €5.6 billion, mainly due to wins of several larger projects in Ireland and the Netherlands. In the United Kingdom, despite the stronger pound, the order book was stable due to a focus on projects with a more favourable risk/reward profile.

Press release of 20 August 2015, page 4 of 17

In Property, the revenue and results were significantly lower due to the absence of commercial property divestments. The residential market in the Netherlands continues to develop along the twin track. The 'strong track' applies to the areas in and around the major cities and to smaller and more affordable houses and apartments. The 'weak track' is evident in some regional areas.

BAM sold 1,098 homes from its own development projects in the Netherlands in the first six months of the year (first half 2014: 936 homes). A large part of these sales were in the stronger areas in and around major Dutch cities, and of the more affordable type. The percentage of homes sold to private buyers increased to 85% in the first half of 2015 (first half year 2014: 58%).

Total investment in property of €862 million at 30 June 2015 was €39 million higher compared to 31 December 2014 due to the Netherlands. Investments in the Netherlands increased to €687 million (year-end 2014: €663 million), because of the re-classification of a completed non-residential project from trade working capital. The Dutch property portfolio at the end of the first half of 2015 included stock of 74 completed but unsold homes, 106 unsold homes still under construction, and approximately 18,000 m² of finished but unlet commercial property.

These investments are financed in part by recourse and non-recourse project-related property loans. As at 30 June 2015, the recourse property loans stood at €81 million (year-end 2014: €71 million) and the non-recourse property loans at €152 million (year-end 2014: €161 million).

The lower results at PPP of €6.4 million were due to the expected reduction in transfers to the joint venture with PGGM. The result in the first half of 2014 had been driven by transfers of five projects to the joint venture; in the first half of 2015 there was only one transfer.

PPP was successful in two tenders in the first half of 2015, representing a hit-rate of 50%. These represent future revenues for BAM's operational sectors of approximately €0.3 billion. The pipeline of active bids remains healthy.

Cash flow analysis¹

(x € million)	1st half-year 2015	1 st half-year 2014	Full year 2014
Group: net cash result ²	-	-23	11
Investments (in)tangible fixed assets	-22	-25	-42
Trade working capital ³	-96	-296	-15
Investment sectors: net investment			
Property	17	19	83
PPP	-9	37	68
Other changes in working capital	-63	-84	15
Business cash flow	-173	-372	120
Dividend	-	-7	-7
Pensions (additional)	-14	-14	-24
Change in Group loan	-	146	-40
Other	21	13	27
Increase/decrease in cash position	-166	-234	76

¹ These metrics are not directly compatible with the IFRS-based condensed cash flow statement.

² Net cash result is net result excluding depreciation, impairments, movements of provisions and book profit on sale of PPP projects.

³ Working capital excluding property positions, PPP receivables, assets and liabilities held for sale, derivatives, provisions, taxes, other receivables and other payables.

Business cash flow improved significantly in the first half of 2015 compared to the same period in 2014 as a benefit of the Back in Shape working capital programme. The better cash awareness throughout the Group translated into lower investment in trade working capital. This also meant that the revolving credit facility was not used as at 30 June 2015.

Trade working capital efficiency (defined as average four quarter-end trade working capital as a percentage of rolling four quarters revenue) improved by -1.0% points to -7.0% at 30 June 2015 (31 December 2014: -6.0%).

PPP had a negative cash flow in the first half of 2015 due to funding of joint ventures compared to a positive cash flow in the first half of 2014 as a result of five transfers to the joint venture with PGGM.

Financial position

(x € million)	30 June 2015	31 December 2014	30 June 2014
Cash position	458	624	318
Interest-bearing debts	756	664	886
Net debt position	298	40	568
Recourse net cash / (debt) position	161	336	-161
Fixed assets	1,566	1,469	1,515
Net operating capital (excl. cash and cash equivalents and current loans)	-24	-223	312
Shareholders' equity	901	827	930
Capital base	1,025	952	1,054
Balance sheet total	4,911	4,956	5,047
Capital ratio	20.9%	19.2%	20.9%

The effectiveness of the Back in Shape working capital programme is shown by the improvement of the recourse net cash position. Since the start of the programme, the recourse net cash improved by €322 million (from recourse net debt of €161 million at 30 June 2014 to recourse net cash of €161 million).

The capital ratio improved by 1.7% points to 20.9% mainly due to a higher capital base. The capital base was positively affected by exchange rate differences due to the stronger pound sterling and actuarial gains on pensions due to higher interest rates.

The Group was within the limits of all its banking covenants as at 30 June 2015; the recourse leverage ratio was -1.10 (limit ≤ 2.75), the recourse interest coverage ratio 8.29 (≥ 4.0) and the recourse solvency ratio 30% ($\geq 15\%$).

Back in Shape programme

The Back in Shape programme aims to improve BAM's operational and financial performance by strengthening its culture, simplifying its structure and sharpening its processes. There are specific programmes in four areas: cost reduction, projects better in control, working capital reduction and divestments. The programme is on track and the targets previously published are confirmed.

The cost reduction programme is directed at non-project overheads in the operating companies and corporate centre, especially in the Netherlands. The programme targets a saving of at least €100 million (annual run rate) from a base line of €640 million for full year 2013.

In the area of projects in control, the new processes to improve project tendering and execution are implemented. Furthermore, key staff are appointed to organise and monitor this process coordinated by the Group. BAM is still working through the backlog of orders. Out of the total order book of €11.1 billion at end-June 2015, approximately €2.1 billion related to these older orders (30 June 2014: €4 billion). The majority of these will be completed in 2016.

The working capital reduction programme, which aims to achieve a sustainable reduction of trade working capital of at least €300 million by the end of 2015, is on track. Since the start of the improvement programme in mid-2014, BAM's cash flow from trade working capital has improved by €185 million as at 30 June 2015. The improvement came across all categories of trade working capital. The trade working capital efficiency ratio which had deteriorated since 2012, bottomed out in the last two quarters of 2014 at -6.0%. In the first half of 2015 it improved to -7.0%.

BAM's divestment programme aims to achieve at least €100 million proceeds per year from the sale of property and other assets. The timing and amount of actual divestments is subject to market conditions and may be lumpy in character. In the first half of 2015 there were no major divestments. There were small divestments of non-core business activities in the Netherlands as part of streamlining the organisation.

The estimated total costs of the Back in Shape programme are approximately €80 million. Of this, €53 million was taken as a restructuring cost in 2014, with a further charge of €13.1 million in the first half of 2015. Thus, the cumulative Back in Shape costs as of end-June were €66 million. The cash outflow related to Back in Shape in the first half of 2015 was about €28 million.

BAM's medium term strategy was last updated in 2012, for the three year period to the end of 2015. BAM has started the process to update its strategy for the coming years; the new strategy will be announced in February 2016.

Outlook

BAM is on course to deliver cost savings of at least €100 million (annual run rate) and a reduction in trade working capital of at least €300 million by year-end 2015. There will be a restructuring charge for Back in Shape of approximately €30 million in 2015. BAM expects the total Group adjusted result before tax for the year 2015 to be higher than the level of 2014 (€62.2 million), with a larger contribution coming from the operational sectors.

Risks and uncertainties

As indicated in the annual report for the 2014 financial year, strengthening risk management is a key element of BAM's strategic agenda for 2013 to 2015. The Group's risk management system does not imply avoidance of all risks. Instead it aims at identifying opportunities and threats and managing them. Better, more effective risk management will enable BAM to undertake larger commitments in a well-controlled environment.

The risks that can have a material impact on the Group's results and its financial position are described in detail in the annual report for the 2014 financial year. On that basis, BAM can see the following risks and uncertainties in particular for the remainder of the 2015 financial year:

- The risk that conditions will deteriorate further on the Group's markets. Any deterioration of our markets could affect the revenue and result and the valuation of goodwill, the stock of unsold property (property under development, under construction or already completed) and work in progress. The order book could also be affected by the consequences of any further market deterioration.
- Revenue, result and the valuation of accounts receivable could be affected by the risk that it will be impossible to continue relationships with suppliers, partners and customers that do not belong to the Group, but are active in the construction process, causing work on projects to stagnate and perhaps making it impossible to collect receivables.
- The availability of credit and/or the operational cash flow could be affected by the risk of a reduction in the availability of credit for the Group on the financial markets, making it more difficult to receive payments (whether or not in advance) and more difficult to finance or refinance investments in land positions or real estate development.

Other risks that are either not currently known or currently considered non-material could prove to have an effect (material or otherwise) in due course on the markets, objectives, revenue, results, assets, liquidity or funding of the Group.

Declaration in accordance with the Dutch Financial Supervision Act

In accordance with their statutory obligations under Article 5:25d(2)(c) of the Dutch Financial Supervision Act, the members of the Executive Board declare that, in so far as they are aware:

- the half-yearly financial report provides a true and fair reflection of the assets and liabilities, the financial position and the result generated by the Company and by companies included in the consolidated accounts; and
- the half-yearly report by the Executive Board provides a true and fair overview of the information required pursuant to Article 5:25d(8) and (9) of the Dutch Financial Supervision Act.

Bunnik, the Netherlands, 19 August 2015

Executive Board, Royal BAM Group nv:
R.P. van Wingerden, CEO
T. Menssen, CFO
E. Bax, COO

Live audio webcast

The Executive Board of Royal BAM Group will present the results of the first half of 2015 on 20 August 2015 during an (English) analyst meeting from 9.30 a.m. to 11 a.m. The meeting can be followed via live webcast (www.bam.eu).

Further information

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Annexes

1. Condensed consolidated income statement
2. Consolidated statement of comprehensive income
3. Consolidated statement of financial position
4. Condensed consolidated statement of changes in equity
5. Condensed consolidated statement of cash flows
6. Segment information
7. Figures per ordinary share with a par value of €0.10
8. Explanatory notes to the half-year 2015 report

1. Condensed consolidated income statement

(x € million)

	1st half-year 2015	1 st half-year 2014	Full year 2014
Revenue	3,515	3,382	7,314
Operating result before depreciation, amortisation and impairment charges and restructuring costs	45.4	28.9	114.5
Depreciation and amortisation charges	-35.5	-41.0	-82.8
Impairment charges	-2.5	-1.0	-67.6
Restructuring costs	-13.1	-4.5	-68.8
Operating result	-5.7	-17.6	-104.7
Finance income	18.6	23.8	46.0
Finance expense	-13.3	-18.2	-33.9
Share of result of investments	4.4	11.1	18.5
Share of impairment charges in investments	-	-0.7	-48.3
Result before tax	4.0	-1.6	-122.4
Income tax	0.7	-4.6	15.5
Result from continuing operations	4.7	-6.2	-106.9
Result from discontinued operations	-	-	-
Net result	4.7	-6.2	-106.9
Non-controlling interests	-	-0.4	-1.3
Net result attributable to shareholders of the Company	4.7	-6.6	-108.2
(x €1)			
Per ordinary share with par value of €0.10 (basic)	0.02	-0.02	-0.40
Per ordinary share with par value of €0.10 (diluted)	0.02	-0.02	-0.40

2. Consolidated statement of comprehensive income

(x € million)

	1st half-year 2015	1 st half-year 2014	Full year 2014
Net result	4.7	-6.2	-106.9
<i>Items that will be reclassified to profit or loss</i>			
Cash flow hedges	9.5	23.3	37.6
Exchange rate differences	42.9	17.6	25.3
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of post-employment benefit obligations	16.1	-26.6	-49.5
Total comprehensive income	73.2	8.1	-93.5
Attributable to:			
Non-controlling interests	0.2	0.3	0.7
Shareholders of the Company	73.0	7.8	-94.2

3. Consolidated statement of financial position

(x € million)

	30 June 2015	31 December 2014	30 June 2014
Non-current assets			
Property, plant and equipment	299.0	315.8	340.1
Intangible assets	424.3	409.3	408.3
PPP receivables	377.6	303.9	317.7
Investments	95.6	94.6	113.5
Other financial assets	83.6	84.9	115.9
Derivative financial instruments	3.3	0.2	1.7
Employee benefits	39.9	17.8	8.9
Deferred tax assets	242.4	242.5	208.4
	<u>1,565.7</u>	<u>1,469.0</u>	<u>1,514.5</u>
Current assets			
Inventories	879.1	843.1	958.6
Trade and other receivables	1,979.8	1,878.8	2,126.7
Income tax receivable	13.2	10.4	5.8
Derivative financial instruments	15.4	3.4	2.6
Cash and cash equivalents	457.9	624.3	318.4
	<u>3,345.4</u>	<u>3,360.0</u>	<u>3,412.1</u>
Assets held for sale	-	127.0	120.1
Total assets	<u>4,911.1</u>	<u>4,956.0</u>	<u>5,046.7</u>
Equity attributable to the shareholders of the Company			
Share capital	839.3	839.3	833.3
Reserves	-329.1	-397.4	-397.1
Retained earnings	390.4	385.5	493.3
	<u>900.6</u>	<u>827.4</u>	<u>929.5</u>
Non-controlling interests	3.2	3.3	3.6
Total equity	<u>903.8</u>	<u>830.7</u>	<u>933.1</u>
Non-current liabilities			
Borrowings	543.0	538.8	806.4
Derivative financial instruments	46.7	47.7	36.9
Employee benefits	173.9	187.2	169.2
Provisions	87.3	114.7	96.6
Deferred tax liabilities	32.0	25.9	23.4
	<u>882.9</u>	<u>914.3</u>	<u>1,132.5</u>
Current liabilities			
Borrowings	212.8	125.3	79.6
Trade and other payables	2,810.4	2,853.4	2,706.6
Derivative financial instruments	15.0	8.3	2.4
Provisions	66.7	72.1	36.1
Income tax payable	19.5	23.1	23.3
	<u>3,124.4</u>	<u>3,082.2</u>	<u>2,848.0</u>
Liabilities held for sale	-	128.8	133.1
	<u>3,124.4</u>	<u>3,211.0</u>	<u>2,981.1</u>
Total equity and liabilities	<u>4,911.1</u>	<u>4,956.0</u>	<u>5,046.7</u>
Capital base	<u>1,025.4</u>	<u>951.9</u>	<u>1,053.7</u>

4. Condensed consolidated statement of changes in equity

(x € million)

	1st half-year 2015	1 st half-year 2014	Full year 2014
As at 1 January	830.7	932.7	932.7
Net result	4.7	-6.2	-106.9
Cash flow hedges	9.5	23.3	37.6
Remeasurements of post-employment benefit obligations	16.1	-26.6	-49.5
Exchange rate differences	42.9	17.6	25.3
Total comprehensive income	73.2	8.1	-93.5
Dividend paid	-0.3	-7.7	-8.3
Other changes	0.2	-	-0.2
Total change	73.1	0.4	-102.0
Position as at period-end	903.8	933.1	830.7

5. Condensed consolidated statement of cash flows

(x € million)

	1 st half-year 2015	1 st half-year 2014	Full year 2014
Net result	4.7	-6.2	-106.9
Adjustments for:			
- Income tax	-0.7	4.6	-15.5
- Depreciation and amortisation charges	35.5	41.0	82.8
- Impairment charges	2.5	1.0	67.6
- Share of impairment charges in investments	-	0.7	48.2
- Result on sale of subsidiaries	-	-	-1.2
- Result on sale of PPP projects	-0.1	-7.2	-24.5
- Result on sale of property, plant and equipment	-2.3	-2.5	-5.5
- Share of result of investments	-4.4	-11.1	-18.5
- Finance income and expense	-5.3	-5.6	-12.1
Changes in provisions	-39.1	-35.7	-11.7
Changes in working capital (excluding cash and cash equivalents)	-159.5	-254.7	189.6
Cash flow from operations	-168.7	-275.7	192.3
Interest paid	-19.4	-27.1	-47.0
Income tax paid	-3.9	-6.1	-10.3
Net cash flow from ordinary operations	-192.0	-308.9	135.0
Investments in PPP receivables	-93.6	-128.3	-248.7
Repayments of PPP receivables	17.7	13.5	33.0
Net cash flow from operating activities	-267.9	-423.7	-80.7
Investments in non-current assets	-39.3	-42.5	-140.9
Divestments and repayments of non-current assets	19.3	23.5	83.9
Proceeds from sale of subsidiaries	-	-	10.2
Proceeds from sale of PPP projects	12.1	74.4	108.9
Interest received	18.1	24.0	46.2
Dividends received from at equity investments	3.6	6.9	11.5
Other investment activities	-	-	-0.7
Net cash flow from investing activities	13.8	86.3	119.1
Proceeds from borrowings	98.5	306.1	318.5
Repayments of borrowings	-28.3	-194.6	-275.3
Dividends paid	-0.3	-7.7	-8.4
Net cash flow from financing activities	69.9	103.8	34.8
Change in cash and cash equivalents	-184.2	-233.6	73.2
Cash and cash equivalents at beginning of the year	624.3	548.1	548.1
Change in cash and cash equivalents assets and liabilities held for sale	-	-5.6	-5.7
Exchange rate differences on cash and cash equivalents	17.8	5.6	8.7
Net cash position at period-end	457.9	314.5	624.3
Cash and cash equivalents	457.9	318.4	624.3
Bank overdrafts	-	-3.9	-
Net cash position at period-end	457.9	314.5	624.3
Of which in joint operations:	205.4	150.5	163.2

6. Segment information

(x € million)

	1 st half-year 2015		1 st half-year 2014	
	Result	Revenue	Result	Revenue
Results and revenue				
Construction and M&E services	-9.5	1,574	-1.5	1,355
Civil engineering	22.9	1,905	-19.8	1,862
Property	3.7	161	14.5	245
Public Private Partnerships (PPP)	6.4	93	13.7	130
Eliminations and miscellaneous	0.7	-218	1.5	-210
Total for continuing operations	24.2	3,515	8.4	3,382
Group overhead	-3.1		-1.7	
Group interest charge	-1.5		-2.1	
Adjusted result before tax	19.6	0.6%	4.6	0.1%
Impairment charges	-2.5		-1.7	
Restructuring costs	-13.1		-4.5	
Result before tax	4.0		-1.6	
Income tax	0.7		-4.6	
Net result	4.7		-6.2	
Net result from discontinued operations	-		-	
Net result for the period	4.7		-6.2	
Non-controlling interests	-		-0.4	
Net result attributable to shareholders	4.7		-6.6	

7. Figures per ordinary share with par value of €0.10

(x €1, unless indicated otherwise)

	1 st half-year 2015	1 st half-year 2014	Full year 2014
Net result attributable to shareholders of the Company	0.02	-0.02	-0.40
Net result attributable to shareholders of the Company (diluted)	0.02	-0.02	-0.40
Cash flow (net result plus depreciation, amortisation and impairment charges)	0.16	0.13	0.33
Equity attributable to shareholders of the Company	3.32	3.43	3.05
Highest closing share price	4.37	4.45	4.50
Lowest closing share price	2.22	3.51	1.65
Closing share price at period-end	3.79	3.58	2.58
Number of shares ranking for dividend (x 1,000)	270,999	270,999	270,999
Average number of shares ranking for dividend (x 1,000)	270,999	269,781	270,395

8. Explanatory notes to the half-year 2015 report

1. General information

Royal BAM Group nv ('the Company') was incorporated under Dutch law and is domiciled in the Netherlands. These interim financial statements contain the financial data for the first six months of 2015 for the Company and its subsidiaries (jointly referred to as 'the Group') and for its share in joint operations.

These interim financial statements were approved by the Supervisory Board and released for publication by the Executive Board. The information in these condensed consolidated interim financial statements is reviewed, not audited.

2. Basis of preparation

These condensed interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with IAS 34, 'Interim Financial Reporting'. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRSs, and the commentary by the Executive Board earlier in this interim report.

3. Accounting principles

The accounting principles adopted are consistent with those of the previous financial year.

Amendments to IFRSs effective for the financial year ending 31 December 2015 are not expected to have a material impact on the Group.

The following exchange rates of the euro against the pound sterling (£) have been used in the preparation of these interim financial statements:

	1 st half-year 2015	Full year 2014	1 st half-year 2014
Closing exchange rate			
Pound sterling	0.70572	0.78247	0.80051
Average exchange rate			
Pound sterling	0.72364	0.80502	0.81987

4. Taxes

Although the Group operates at a profit in the first half year of 2015, a tax benefit is incurred. This is mainly caused by the differences in statutory tax rates that apply to the taxable results in the countries in which the Group operates.

5. Seasonal influences

Due to the seasonal nature of the business in the operational sectors, sometimes adversely influenced by winter conditions, higher revenue and profitability are usually expected in the second half of the year.

6. Estimates and assessments in the interim financial report

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended 31 December 2014.

7. Legal proceedings

In the normal course of business the Group and its subsidiaries are involved in legal proceedings predominantly concerning litigation as a result of claims with respect to construction contracts. In accordance with current accounting policies, the Group has recognised these claims, where appropriate, which are reflected on its balance sheet as a receivable or liability. Some proceedings, if decided adversely or settled, may have a material impact on the Group's financial position, operational result or cash flows.

8. Related party transactions

In the first half year of 2015 the Group transferred one PPP project to the joint venture BAM PPP/ PGGM. After deduction of cost, the Group realised a net result of €0.1 million. The assets and liabilities related to this project were recognised as held for sale as at 31 December 2014 and amounted to €127.0 million respectively €128.8 million.

9. Fair value measurements

The fair value of financial instruments not quoted in an active market is measured using valuation techniques. The Group uses various techniques and makes assumptions based on market conditions on balance sheet date. One of these techniques is the calculation of the net present value of the expected cash flows (DCF-method). The fair value of the interest rate swaps is calculated as the net present value of the expected future cash flows. The fair value of the forward exchange contracts is measured based on the 'forward' currency exchange rates on balance sheet date. In addition, valuations from financial institutions are requested for interest rate swaps.

Financial instruments measured at fair value consist of interest rate swaps and foreign exchange contracts only and are classified as a level 2 valuation method. As at 30 June 2015 the balance sheet includes derivative financial instruments measured at fair value amounting to €18.7 million (asset) and €61.7 million (liability).

10. Dividend

Holders of ordinary shares were not assigned a dividend during the first six months of 2015 (2014: €0.05 per share in cash or 1 new share per 76.74 shares).

11. Events after the balance sheet date

No material events after the balance sheet date have occurred.

Review report

To the Executive Board, Supervisory Board and Audit Committee of Royal BAM Group nv

Introduction

We have reviewed the accompanying, as set out on page 10 to 16, condensed consolidated interim financial information for the six-month period ended 30 June 2015 of Royal BAM Group nv, Bunnik, which comprises the consolidated statement of financial position as at 30 June 2015, the condensed consolidated income statement, the consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and the selected explanatory notes for the six-month period then ended. The Executive Board is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, Review of Interim Financial Information Performed by the Independent Auditor of the company. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2015 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Rotterdam, 19 August 2015

PricewaterhouseCoopers Accountants N.V.
drs. J.G. Bod RA